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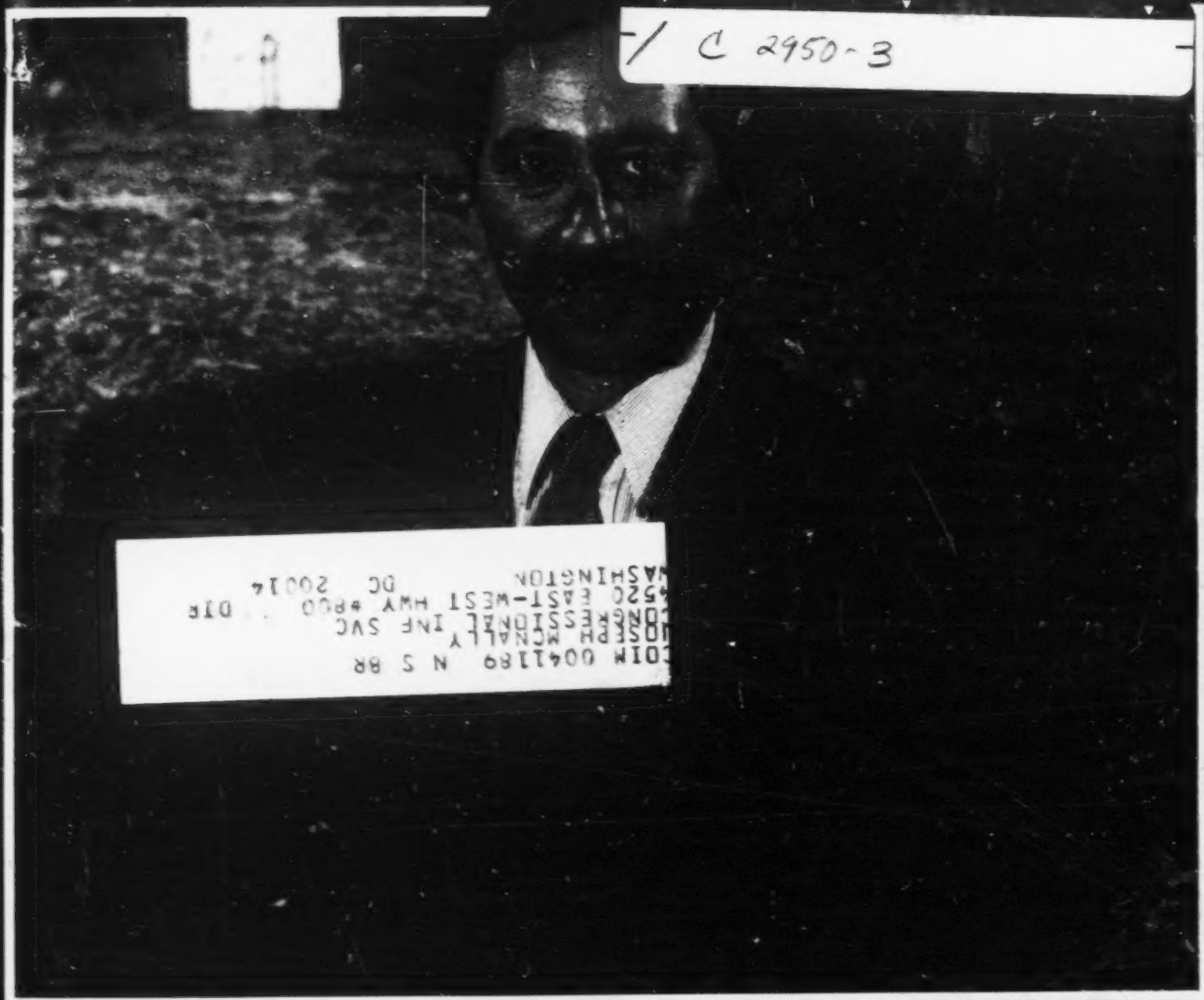

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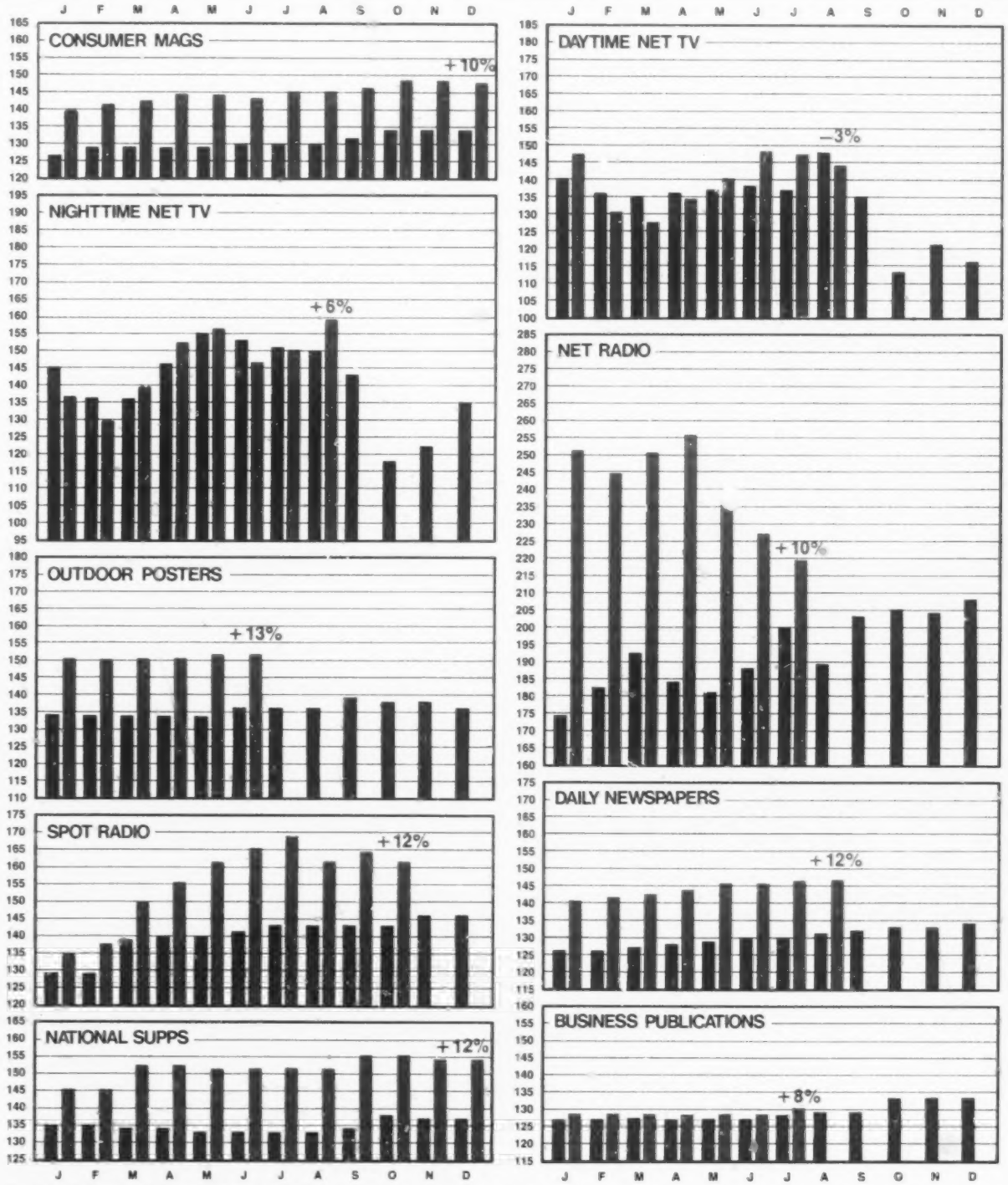
MEDIA COST INDEX

Black bars index for 1980; red bars 1981; base year 1977



The Media Cost Index reflects reported trends extracted from available published sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled. Sources: **Nighttime Network TV** — cost per average 30-second spot 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Report Network TV Service. **Daytime Network TV** — cost per average 30-second spot 10 a.m.-4:30 p.m. Monday Friday from Broadcast Advertisers Report Network TV Service. **Network Radio** — cost per average 30-second radio announcement from Broadcast Advertisers Report Network Radio Service. Index 100 for Nighttime network tv, daytime network tv and network radio are for each month in 1977. **Spot radio** estimates are based on SRDS cost of one minute on one station per market in the top 50 RADI markets. **Consumer magazine** estimate based on reported SRDS cost of page, 4-color in 40 national consumer magazines based revenue, as reported by MPA. **National Supplements** estimates based on reported SRDS cost of page.

COST TRENDS
a Decisions analysis

Unit costs in all media continue to run ahead of last year, with one exception — daytime net tv. In August 1981, the most recent month reported by BAR, prices were 3% below the same month in 1980.

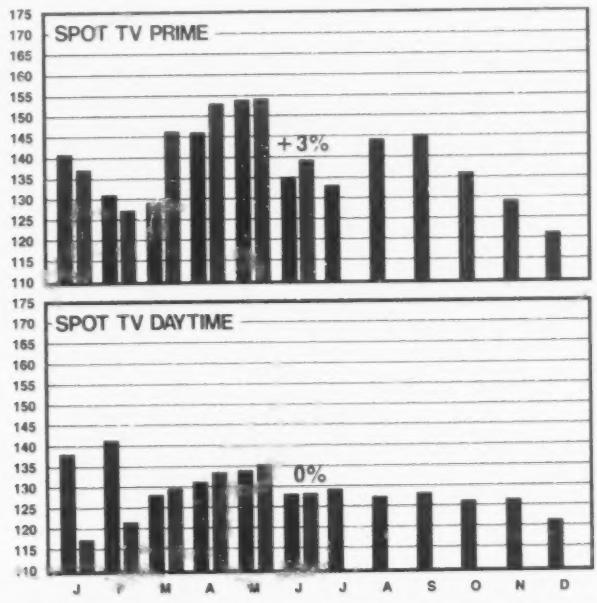
Spot radio has been experiencing an unusually good year, with a new spurt in prices reflecting this. Spot radio in 1980 (black bars in chart on page opposite) finished that year at index 146 (46% higher than in the base year 1977). Then in January and February of this year spot radio went through its normal seasonal lull, but the drop was nowhere near as severe as in the year prior. Since March, spot radio has been running well above 1980.

Daily newspapers are also showing consistent strength in prices — up 12% over 1980 in both July and August, the two most recently reported months. These followed a consistently rising trend in newspaper rates for the last two years.

Consumer magazines have maintaiged a 10% higher price pattern than in 1980 for the whole of 1981. The consumer magazine business, as pointed out in this issue's Print Month, can boast of considerable ad page gains in its special interest sector. There were some losses among mass books, but these were more than equalled by the good showing of the special interest publications. Hence the price rises.

National supps are matching the price strength of the daily newspaper medium, up 12% at year end 1981. The supps are confident — bolstered by new advertisers seeking a mass audience buy wanting to escape tv.

Business publications, although plagued by rising paper, postage and people costs as other print media, have held price rises to relatively modest increments since 1977. Most recent index for July 1981 is only 130 (30% over 1977).



4-color for three national supps. **Daily Newspaper** estimates based on Newspaper Advertising Bureau report of SRDS costs per agate line of a stratified sample of 155 newspapers. **Business Publication** estimates based on reported SRDS cost of a page, 4-color for 48 magazines representing 42 business and professional classifications. **Outdoor Posters** based on estimates prepared by F.R. Cawl & Assoc. **HOW TO READ:** Media Cost Index reflects latest available cost compared to base or average year 1977. Percent change reflects annual rate of change and is based on latest available month costs compared to same month in previous year.

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Walter Reichel vs. the tv nets

Ted Bates Advertising has assumed the boldest posture to date in the assessment of network under-delivery in pay cable households. Its solution: shift 5% of every packaged goods client's network tv budget to Ted Turner's WTBS Superstation. Media execs have been critical of the solution as too simplistic. But there is no denying that the study has struck a nerve on Madison Avenue.

Walter Reichel stood in the screening room of his agency, Ted Bates Advertising, and in a subdued voice that belied the controversial implications of his statement, said:

"We have recommended to all of our packaged goods accounts that they divert five percent of their network television budgets to Ted Turner's Superstation WTBS."

Reichel's recommendation was the bottomline conculsion of a research project perfomed by the agency to discover "The Impact of Pay Cable on Network Delivery and Indicated Remedial Action." It was also the capping presentation of the study's findings.

For the past seven months, Reichel, senior vp and executive director of media and programs, has been trying to sell the idea to all of Ted Bates' packaged goods accounts, while Joel Segal, the agency's senior vp-director of the network tv/radio division, negotiated a group discount with the Atlanta-based Superstation.

Six Ted Bates clients agreed to participate in the strategy, including Carter Wallace, Warner Lambert, M&M Mars, Kal Kan pet foods, ITT-Continental Baking and Mobil Chemical's Hefty Bags. In total, the six advertisers will transfer $2.7 million from their network tv budgets to WTBS this year.

Reaction to the proposal among media execs has been a blending of respect for the unabashed nerve of Reichel and Ted Bates for taking such a definitive stand on the issue of network under-delivery in the pay cable universe, and a feeling that the agency's search for a paradigm has led it to too simplistic a solution.

In short, no media director we spoke to agreed with Reichel's recommendation to put all of the diverted money into WTBS.

The study, which was designed executed by Barry Kaplan, vp-associate director of the media information and analysis division of Ted Bates, employed special Nielsen Television Index analyses of tv viewing in pay cable, basic cable and non-cable households to determine the extent of network under-delivery in each universe. The data was then applied to four different hypothetical schedules combining exposures on primetime or fringe network programing and on independent and superstations.

The conclusions of the study were twofold. First, it found that primetime network shares are steadily declining, especially in pay cable households and even more so during the re-run periods.

In pay cable homes, most of the networks' loss of viewer share is going to independent stations, whether local origination, distant signal or satellite-fed superstation.

Pay cable programing services, such as Home Box Office, have an impact only in late fringe in pay cable homes. Cable-originated programing, including USA Cable Network, ESPN, ARTS and Turner's own Cable News Network, among others attract a negligible share of total viewing hours.

Second, the study concluded that the primetime network under-delivery against pay and basic cable households could be remedied with minimal risk by cutting back a small portion (5%) of prime or fringe network weight and giving it to a superstation.

If everybody did what Reichel and Ted Bates have recommended, the transfer of 5% of all packaged goods network tv advertising could cost the networks as much as $100 million a year, according to Segal. While that development is unlikely at this time, the implications of the study for the future of cable-originated programing and the ultimate necessity of cable as a programing delivery system are, perhaps, ominous.

"In the pay cable home," said Segal, "the networks are getting killed by re-runs in syndication and by old movies. The viewers are not turning to cable programing itself. Without cable, however, the re-runs of *MASH* and *I Love Lucy* had not been avialable in primetime. But if those programs were brought to a particular market without cable, then yes, we could see a situtation where cable would not be needed."

The implication is that cable tv, to date, has developed into little more than an exaggerated delivery system that pipes in more hours of off-net programing. Narrowcast programs, in turn, are reaching a miniscule audience.

"It was no surprise to find that the independents were having an impact on network share," said Alec Gerster, executive media director at Grey Advertising, "but it has been an eye opener that commercial cable generates such low viewer share.

Joel Segal, Bates' senior vp-director of the tv/radio division, negotiated the group buy on Ted Turner's WTBS Superstation.

"Our media research department at Grey recently did some measuring in several hard markets. In Sacramento, for instance, we found that network share in non-cable homes was 94%.

"In cable homes, 57% of viewer share went to local originating broadcast stations. Of the rest, all but 4% went to distant signal stations. Almost none of it went to commercial cable programing."

Ted Turner, president and ceo of

Continued on page 122

REICHEL VS THE NETS (from 69)

Turner Broadcasting Co. which operates both WTBS and Cable News Network, concurred with Segal's statement on the impact of re-runs and old movies, but he failed to recognize the overall implications for his cable ventures.

"What people don't realize," said Turner, "is that WTBS has its strongest ratings in fringe and on weekends when we run the old movies against the network sports programing. I think the people at Ted Bates are beautiful for realizing this."

When asked if it worried him that the Ted Bates recommendatiion said, in effect, not to purchase Turner's CNN, the cable pioneer said, "I would tell them that they're wrong there. CNN is a good buy."

Another reaction to the Ted Bates study has been that it is seen as an effective lever in negotiating new rates with the networks.

Marcella Rosen, senior vp-media director at NW Ayer, said, "When I first heard about the study and the recommendation to divert the money across the board to a single source, the Superstation, I did not find myself saying, 'Gee, wish I'd thought of that first.'

"It is a great bargaining tool, however. Bates is saying that the networks are losing share and that their prices should come down accordingly. That just isn't going to happen, though."

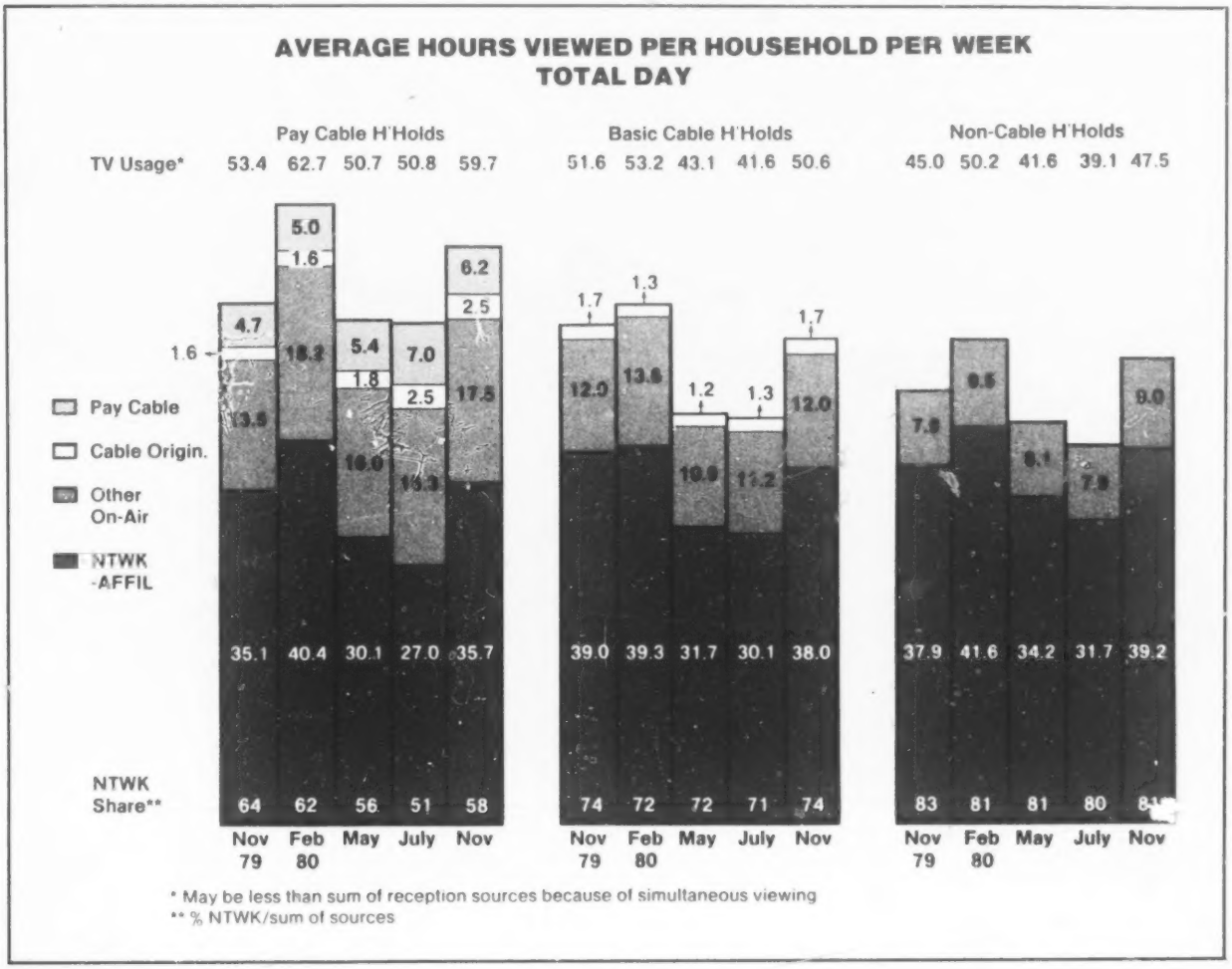
> **"... Directionally, Bates is right on track. But the buying of one national station like WTBS is not the answer ..."**

The bargaining chip may be more effective in obtaining a favorable rate with the Superstation, rather than with the networks. Richard K. Low, media director at Young & Rubicam and the man who negotiated General Foods' recent multi-year, $40 million buy with WTBS, said that the GF buy was done less to remedy loss of network delivery in the cable universe than to take advantage of a good deal.

"We were able to obtain unusual supplementary values which also provided favorable positioning for General Foods on WTBS," said Low. "But we would have to look at each client that uses network tv and make a decision on an individual basis. In some cases, transfering the money to WTBS may be the answer, but not in all cases by any means."

Ken Caffrey, senior vp-media director at Ogilvy & Mather, agreed in large part with Low.

"Directionally, Bates is right on track," said Caffrey. "But the buying of one national station like WTBS is not the answer. There are times when a client's best interests are served in



over-the-air programing. A compensatory delivery system has to be determined on a per market basis. It is too simplistic to take 5% across the board. Furthermore, the programing on WTBS is not comparable with the programing on networks. The comparison that Bates is trying to make is not valid."

Added Grey's Gerster, "I am skeptical about the way they took limited information, a schedule run through Nielsen, and extrapolated that something like WTBS is the answer. I wish it were, but I doubt it.

> **". . . In pay cable homes, the networks are getting killed by re-runs in syndication and by old movies. The viewers are not turning to cable programing itself . . ."**

"For one thing, spot buying on a distant signal station is not a simple quest. If you are buying a distant signal from the source, that's one thing. If not, how are you going to find it on a local market to know if you are getting the market rate?

"Spill-in has always been a problem in some areas like Hartford-New Haven, but distant market spill-in is an even tougher problem.

"We all wish there was one computer button you could push and get all of the answers. We all wish there was one easy way to buy spot. It used to be easy, but it's not anymore."

One major agency media director who asked not to be named told us, "I can really sympathize wish the problem Walter [Reichel] is trying to get at. But I can't buy the suggestion that the Superstation is the answer. I'm more curious as to what Bates is really trying to accomplish by releasing this report."

Whether the Ted Bates study is the solution to network under-delivery in cable homes or whether it is a tactical weapon in the ongoing battle to drive network primetime rates downward, it is certainly a harbinger of media thinking on planning and buying in the new technologies universe. And the answer is apparently coming up: independent stations.

Craig Reiss

Viewpoint

How to catch an audience on the fly

Product manager Joe Russell and manager of marketing communications R. E. Sanders of Rogers Corporation, Rogers, Conn., decided to direct their message to business men who travel a lot by using an unusual medium. They picked airline magazines on lines well traveled by production engineers. Result was the ad shown at right in Allegheny Flightime — followed by some worthwhile inquiries and comment. Joe Russell has since moved to another product manager spot with Royal Business Machines in Hartford.

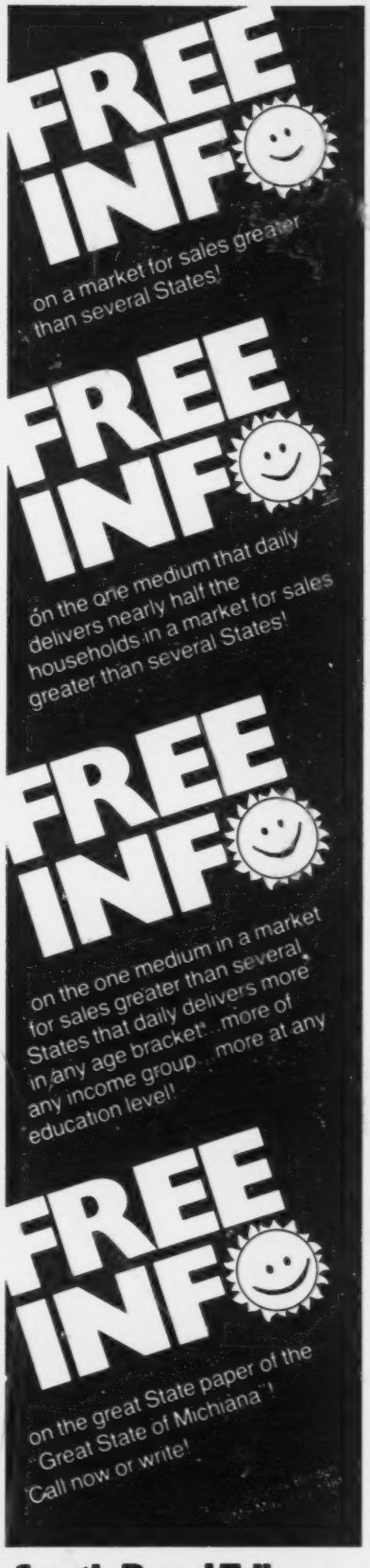
What should an advertiser do when the target audience is on the road pursuing a hectic travel schedule which leaves no time to read trade magazines, no time to read anything but the hottest incoming mail, no time to see salesmen, is out of the office when you call, won't answer phone messages, doesn't know that you make the product — and, you have to accomplish it fast?

Give up? So did we at first. But, as we continued to consider who it was we wanted to reach, and what they did with their time, a possible solution began to emerge.

The audiences we wanted were employees of business machine manufacturers in specific positions where they could influence the buying decision almost single-handedly: product managers, product line managers, service managers, design engineers, and engineering managers. The target markets were small, and the number of people we wanted to reach were few in number. One target was very well defined, and participating companies readily identifiable. There were, however, two emerging markets, sisters if you will of the primary target market, where we were on something of a fishing expedition in hopes of identifying newly emerging or about-to-emerge companies.

Business machine people work under pressure — lots of it. And the people we wanted to reach are among the busiest, most pressured of all. New machines keep emerging on what seems a faster and faster track. Older machines develop problems which can drive customer service people and service managers up a wall.

Service costs have escalated to the point where machine producers must concentrate a larger part of their resources on preventing unscheduled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we all have to play by, they deserve to be in the condition they are in.

Although we might empathize with their situation, when the finger of blame is pointed it should not be at the advertising community. If lack of advertising support ultimately caused the problems of these papers, it was because in making logical decisions about our business we were not convinced that these sick papers were worth buying.

Will we see more failures in the future? Most certainly. Can they be avoided? Obviously, not entirely. But to have a better chance, newspapers should at least begin selling better.

In the circulation area publishers need to sell to readers by creating newspapers that meet the needs of their market. Large city dailies should get serious about suburban editions, not just create fluff sections put together for the sole purpose of selling a little more ad linage. They need to come up with fresh editorial ideas which will spark the reader's interest and curiosity. They need to develop methods of distribution which make it easier for the reader to get to and to spend time with the publication. They need to develop their product to meet the reader's needs and to market it in a way that is convincing.

In terms of selling to advertisers, newspapers have to mount more intensive, more competitive efforts. I recently attended a local tv station's presentation on retail advertising. I saw a tight, well put together demonstration of case studies complete with results. I learned how and why retailers were using tv. And why they would use more.

The last newspaper pitch I attended included a fifteen minute travelogue of the market topped off with pictures of the new presses! Newspapers need to come in with examples of how the paper is being used and how that usage pays off in advertiser sales results.

Newspapers need to be more amenable to new and unique ideas from advertisers. The thought of an advertiser "sponsoring" the sports scores in newspapers strikes editors as an attempt at advertiser control of editorial although sponsoring techniques like this in other media are used all the time.

Newspapers are a business.

To survive they need to operate effectively against the entire competitive spectrum as a business.

If they don't, what happended recently in Washington, New York, Philadelphia and Boston will occur with ever increasing frequency. ■

RADIO
by ROGER C. BUMSTEAD
senior vice president,
The Marschalk Co., N.Y.

Network radio has what catv is supposed to have

This is a column on radio . . . it may seem odd to open it with some points about cable and over-the-air tv, but the radio message is here. Read on!

* * *

"Cable-itis" appears to have swept the ad world on an epidemic scale. It is a disease ultimately afflicting the revenue life blood of the over-the-air tv broadcasting establishment. It appears to be feverish — intermittently affecting the logic and disciplines of the advertiser/agency community, however.

There is no question that the rapid ascent of catv household penetration has had — and will have even more so — negative impact on viewing levels for OTA TV in all dayparts, but particularly in the prime viewing hours. A three-network share of prime viewing *decline* of 25% by 1990 seems to be the consensus. However, remember that over 70% of the homes will still be viewing the ABC, CBS plus NBC-TV networks/affiliates. Remember, as

well, that most of these lost viewers have tuned into pay cable which, at least for the present, is immunized from advertising.

One major agency, aided by a mid-September hay fever upsurge, advocated the allocation of 5% of its client's primetime budgets to WTBS, the super station as a means of compensating for the loss of these viewers. Not a bad tactic, despite negative critiques from other buyers, solely from the standpoint of putting pressure on the network's pricing practices. Congratulations, Walter!

Simultaneously by satellite, at the *Marketing & Media Decisions* 15th Anniversary Panel (reported elsewhere in this journal), Benton & Bowles' Mike Moore advocated a more objective and disciplined approach to the malaise. Lifting a key phrase, he said: "Do not compromise your media values in the name of experimentation . . . "(i.e., with Cable).

That is in line with the action plan, I expouse.

Consistent with an advertiser's marketing and media objectives – employ network radio and catv to com-

Radio network facilities — October 1981

Operational or contemplated

Radio network	# Affiliates	Service/programing	Status
CBS Radio Network	420	News, features, major sports events	On air (1927)
RadioRadio (CBS)	TBD	Young adult orientation (16-34)	Early 1982
NBC Radio Network	355+	News, features	On air (1926)
The Source (NBC)	176	Music, news, features/young men	On air (1979)
NBC #3	TBD	TBD	1982
NBC #4	TBD	TBD	1983
ABC — Information	577	News/commentary/features	On air (1930)
ABC — Contemporary	364	News/young adult features (music)	On air (1968)
ABC — Entertainment	478	News/commentary	On air (1968)
ABC — FM	174	News/young adult features	On air (1968)
ABC — #5 (Directions)	TBD	News/talk (adults 35-54)	1982/83
ABC — #6 (Rock)	TBD	Young adult orientation (adults 18-34)	1982/83
ABC — #7	TBD	Program mode service	Spring 1982
Mutual Broadcasting System	900	News, commentary, music features	On air (1934)
RKO — #1	225	News, short-form features, "Night Time America" (adults 25-34)	On air (1979)
RKO — #2	TBD	Hard news, information, "America Overnight" (adults 35+)	On air (1981)
RKO — #3 (Radio Shows)	TBD	Programming service	TBD
Satellite Music #1	150	Music (star station) — Adult pop sound	On air (1981)
Satellite Music #2	?	Music (country coast-to-coast)	On air (1981)
Satellite Music #3	100+	Music (Bonneville), beautiful music	On air (1981)
Transtar	20+	Music — Target Adults 25-34	1982
Continental Radio (CBN)	TBD	Religious orientation; music, features	1982
Sheridan Broadcasting	103	Black; news and commentary	On air (1975)
National Black Network	91	Black; news & features	On air (1973)
American Black Information Network (NBN)	30+	In depth features of interests to blacks	(Jan, 1982; Tentative)
TRN (Turner Comm.)	TBD	News	1982
Starfleet Blair	Varies	Boston Pops, Other Specials	On air (1980)
Enterprise Radio	75+	Sports	Suspended Svc. 12/81

SOURCE: Broadcasting 8/17/81, Marschutz/Media Research

NOTE: Plus 6 "Rep Networks"/Non-Line or Satellite (Blair, Eastman, Katz McGavern-Guild, Torbet). Additionally, industry sources estimate that there are over 20 State Radio Networks primarily in the South and North Central States.

pensate for viewing declines, high costs and the clutter of over-the-air tv. But continue to utilize network tv, bought much more selectively. An Ideal Marriage.

Recent investigations into the use of advertiser supported cable networks have shown me a similarity between their delivery, pricing and selectivity with network radio.

Why network radio?

Network radio has the lowest cpm and the lowest cpm increase since the '60's of any national media form. My friend Bob Coen has charted that point in his annual reports from McCann-Erickson.

Network radio can deliver not only frequency but high reach levels, as well. My neighbors (the ABC Radio Networks are 19 floors above my office) or their competitors can prove that statement within a reasonable cost framework. A 15 commercial weekly schedule across eight radio networks cumes reach levels in the 60-70% range of any significant age demo in 4-weeks with a worthy six-time average frequency or better (Radar #23, Spring 1981).

If any one company deserves plaudits for both faith in radio networking and courage in business, it's ABC Radio which pioneered the multi-network concept over 12 years ago, when tv was in its hey day.

Network radio offers an advertiser better target selectivity (as does catv). My chart delineates, as accurately as we could, present and planned radio network facilities or programing services available now or in 1982 for advertising. There are 27 options on Exhibit A. The same satellite technology which is building cable tv is permitting this explosion in radio network facilities.

Network radio (and cable to a lesser extent) is a more effective tool to reach elusive tv viewers — like working women, managerial and sales executives or young adults — all of whom are generally better prospects for the purchase of most products and services. SMRB 1980 is my support for this point, and I assume the 1981 report will corroborate it further.

Network radio already provides a wide range of national geographic selectivity purely as a result of each network's affiliate line up, but there will be an increasing capability (due to transponder sub-channels) to run geographically oriented radio network commercials in different areas.

Network radio provides opportunities for an advertiser to look big — through sponsorships of special events of either a news or entertainment event (Bless you CBS Radio for putting the World Series back on radio a few years ago. Who can forget the thrill of the Olympics - thank you ABC Radio).

Network radio is an inflationary hedge, has no inherent risks (i.e., experimentation) and is kind when it comes to the cost of making ads.

My "across the street" neighbors at the NBC radio network have put it all together in a 25 minute informative, entertaining, authoritative cassette presentation. It's also statesmanlike — so give Kevin Cox a call: (212/664-3986) if you haven't seen it. Its title says it too: "Radio Means Business".

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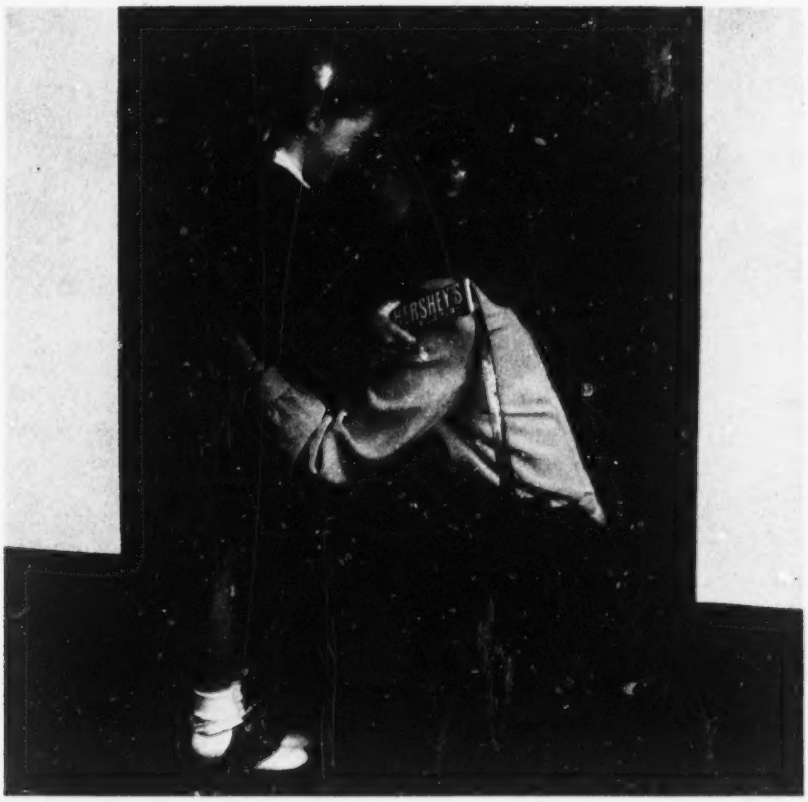
ONE GREAT NEWSPAPER

Source: 1981 Sales & Marketing Management Survey of Buying Power
1980 New Orleans CMS, Belden Associates



BRAND REPORT 70:

Candy and gum

Candy bar sales are at their lowest level in 43 years. As marketers move to boost sales, they are discovering the adult sweet tooth, and moving from Saturday morning television to fringe and primetime to reach it. Excitement in the gum market is focused on several new products and the reintroduction of saccharin.

A decade ago the chocolate champ, Hershey Foods was selling all the candy bars it could produce without spending hardly a dime on advertising.

Its founder, Milton S. Hershey, insisted that the way to get into the consumer's mouth was to "give them quality. That's the best kind of advertising in the world," he said.

Today, Hershey spends less on advertising than many of its major competitors, but is committing approximately $21 million to support its rapidly growing selection of candy bars.

Combined, candy and gum manufacturers spend upwards of $225 million in measured media. About 58% of those dollars are poured into network television and 33% in spot television. Marketers say television captures such a large percentage because candy bars are consumed by almost everyone, necessitating mass media buys. Highly visible advertising also is required, they say, because the greatest compe-

tition between companies takes place when the consumer surveys the wide variety of choices at the grocery store, movie theatre and candy shop. They want their package to be recognized instantly — practically pre-sold.

In a significant media shift, marketers are allocating more ad dollars to reach adults during daytime, fringe and primetime periods. As a result, Saturday morning's share of the pie is decreasing.

Candy

M&M Mars began moving ad dollars away from Saturday morning tv in 1977. Now less than 5% of the available Mars ad dollars are on that weekend morning, according to director of marketing Jos Stalenhoef. "We realized that candy is not just eaten by children. More than 50% of the candy consumption comes from children 18 years or older," he says.

Marketing news in the candy and gum business has been focused on price wars between the leading candy marketers, M&M and Hershey, highly successful new bubble gums and the reintroduction of saccharin in sugarless gums.

Last fall, Mars took the industry by surprise announcing a 10% size increase for its Mars candy bars without a subsequent price increase. It reasoned that sales of its bigger bars would be so strong that rising production costs could be met.

That decision was made public with a $1.2 million broadcast and print campaign emphasizing the greater value. Increased sales were the result throughout much of 1980. But in September Mars boosted its prices five cents to 30 cents, explaining that despite this year's decline in cocoa and sugar costs, it could not meet inflationary strains on the company.

Hershey vs. Mars

Hershey was bewildered by the Mars move last fall. And this year it is not following in Mars direction either. Hershey made public its determination to hold the line on its prices. It used newspaper ads in 70 markets to say so.

For more than a decade, Mars and Hershey have been battling for the candy market lead. Hershey, once the chocolate champ, was dethroned by Mars more than a decade ago. But Hershey has fought back. It named its first consumer advertising agency in 1968 after 66 years without consumer advertising. In recent years, it has brought out a host of new products aided by a new research facility. With the introduction of Reeses Pieces and Whatchamacallit, Hershey has inched closer to Mars than in several years. It now holds approximately 30% of sales compared to Mars 36%.

Mars advertising expenditures far exceed Hershey's. In 1980, Mars spent $51 million in media measured by Leading National Advertisers, Media Records and Broadcast Advertiser Reports while Hershey spent $21 million. Both companies, however, increased their spending levels substantially from the previous year — Hershey by 18% and Mars by 28%.

Such increases come at a time of troublesome signs in the candy business. People are eating fewer candy bars. Comsumption is at a 43-year low. Four years ago, the average person ate more than 17 pounds of candy a year but now the average is closer to 15 pounds. Dollar volume is up because of price increases, but rising costs are anything but a good omen. The Department of Commerce in its annual look at confectionary sales reports that sales of candy climbed to $4.6 billion in 1980 from $4.2 billion the previous year.

> **"We realized that candy is not just eaten by children."**

In the candy market recently, newspapers have seen more spending than is typical as Hershey and Mars broke campaigns announcing price news. Mars, introduced its value campaign last fall with a $1.2 million campaign outlining increases in bar sizes while holding prices. It chose not to advertise the fact that it is increasing its prices this fall by 5 cents.

Hershey, which made no move after the Mars announcement last fall, this year ran a 70 market newspaper campaign emphasizing its intention to hold its prices at the same level.

Mars continues to heavily support its most popular brands, M&M's, Snickers, Milky Way and Three Musketeers. The target is adult and the primary medium primetime television.

Saturday morning television is no longer prominent in Mars' media since a 1977 marketing shift. Director of marketing Jos Stalenhoef reports that less than 5% of the television is on Saturday now - replaced by family programing. The shift was made not because of controversy over advertising sugared products on television to children but because of the company's new awareness of the adult market.

Stalenhoef notes that most Mars candy bars have very broad targets. Commercials show people of all ages exclaiming how good Mars candy bars taste.

Recently launched products include Twix and Summit, which both received substantial increases in media support. Twix has a $7.6 million budget, an increase of 66% from the previous year while Summit's budget jumped 52% to $6.1 million. Also receiving large increases in advertising were two extremely popular Mars brands: M&M's, which ranks third among candy bars; and Snickers, the sales leader. M&M's familiar message "melts in your mouth not in your hand" is delivered to consumers via a $10.3 million in advertising support.

Milky Way's ("three great tastes in one bar") message is smaller for a less popular brand. It is the ninth selling brand on the market and its ad budget is set at $3.2 million.

Hershey moving against Mars

Mars candy bars have seen increasing competition from Hershey's. Hershey's chocolate almond bar has moved from seventh to fifth place in sales, shoving Mars' Three Musketeers aside. Kit Kat has moved up a notch from eighth to seventh place, while Hershey's milk chocolate has inched up to eight from ninth position, displacing Milky Way.

Coupled with the improved sales picture for its established brands, Hershey has launched Reeses Pieces (a product similar to M&M's but with peanut flavor) and Whatchamacallit, a candy bar with peanut butter cream, and rice covered with chocolate. A spokeswoman for Hershey said What-

Product proliferation in candy and gum

The proliferation of new products on the candy and gum racks is mind-boggling. Here are the principal players:

In candy . . .

MARS
- Mars bars
- Snickers
- Starburst
- Milky Way
- Three Musketeers
- Twix (new)
- Summit (new)
- M&M's

HERSHEY
- Hershey bars
- Reeses Peanut Butter Cups
- Reeses Pieces
- Whatchamacallit
- Kit Kat
- Big Block (2 oz.)
- Score
- Rollo

NESTLE
- Crunch
- $100,000 Bar

PETER PAUL/CADBURY
- Peter Paul Mounds
- Almond Joy
- Cadbury bars

In gum . . .

WRIGLEY'S
- Hubba Bubba
- Doublemint
- Spearmint
- Juicy Fruit
- Big Red
- Freedent
- Orbit

LIFESAVERS
- CareFree
- Supradent
- Bubble Yum
- Rendez
- Beech-Nut

AMERICAN CHICLE
- Trident
- Bubblicious
- Dentyne
- Freshen-Up
- Chiclets

chamacallit is a unique combination of ingredients and signifies a trend toward a lighter, crisper candy bar. Both products were introduced in the fall of 1978, both using heavy amounts of spot television until the brands went national this year. This necessitated a switch to network tv.

Hershey also introduced a larger bar size for all its brands. Called Big Block, it comes in 2 ounce sizes. Advertising is to adults during daytime and fringe periods. The "thick" Hershey's chocolate taste is emphasized.

Also in test market currently in Dallas and St. Louis is a buttery toffee bar surrounded by milk chocolate, called Score.

A Hershey spokeswoman credited the new product activity to the development of an in-house research facility in 1979.

Hershey's top-selling brands, Reese's Peanut Butter Cups and Hershey's milk chocolate and milk chocolate with almonds, are advertised in primetime because of their broad target audiences, according to Mike Vaughn, vp and management supervisor of the Hershey business at Ogilvy & Mather.

Reese's Pieces now national

Reeses Pieces is moving more heavily into network television since the brand has become national but spot television is still used, he said.

Rollo, a chocolate covered caramel product, is targeted to children and teens with Saturday morning television buys and network radio to reach teens, Vaughn said.

As a sign that Hershey has taken note of the women entering the work force, Hershey has begun a magazine campaign aimed at that market.

"We know that everyone from age six to age 60 enjoys the Great American chocolate bar but we want to improve our delivery against working women," Vaughn said. Hershey's chocolate bar receives $4 million in television time while the print campaign is worth about $250,000.

While Hershey and Mars claim the leading spots in candy sales, Nestles Crunch bar holds the number 12 spot. While spending levels for Nestles Crunch were slightly down last year from $4.4 million to $3.8 million, the bar recently received a new creative treatment, which puts less emphasis on the ingredients and more on eating enjoyment. Nestles $100,000 Bar was recently reformulated in its second taste change. The bar is heavily advertised on network radio with minimal use of television.

With the merger of Peter Paul and Cadbury Schweppes, both companies have been able to hold their own despite rising ingredient prices and lagging candy bar sales overall.

The company's most popular brands are Peter Paul Mounds and Almond Joy, ranked in the top 20 candy bars and supported with a budget of $4 million, heavy in network and spot television.

> **"We want to improve our delivery against working women."**

Believing that the way to boost lagging candy bar sales is to market to adults and to aggressively promote nutrition, most of the Cadbury and Peter Paul brands reflect that philosophy.

For instance, Cadbury chocolate bars show a businessman on a train who has trouble keeping the bar to himself.

The chief executive officer of Cadbury, N. Dominico Cadbury, has noted that "the industry suffers from the perception that the candy bar is bad for you. We need a much more mature image to survive bad times."

Gum

Rising prices have plagued gum marketers too. But preoccupying Wrigleys', American Chicle and Lifesavers is the search for ingredients to satisfy mass tastes.

Controversy about saccharin-sweetened gums continues to keep the market volatile.

Early this year, Lifesavers restored saccharin to CareFree. In the late 70's, gum manufacturers had jointly agreed to eliminate saccharin because of widespread concern and publicity linking saccharin to cancer. Sugarless gums were reformulated.

But consumers did not like the taste

Top 10 media spenders in gum market

	Total	Magazines	Supps	Net tv	Spot tv	Net radio	Spot radio	Newspapers
Wrigley's	$26,220,100	—	—	$18,037,200	$7,040,100	$1,142,800	—	—
Trident	9,671,200	—	$147,800	6,051,000	2,390,700	1,081,700	$ 49,027	$200,493
Freshen-UP	7,542,500	—	—	5,580,000	1,701,700	260,800	—	726,650
Chewels	7,453,500	—	—	3,826,400	2,696,800	912,600	—	—
Hubba Bubba	7,046,400	—	—	5,746,000	964,900	335,500	591,009	—
Big Red	6,718,500	—	—	3,821,000	2,897,500	—	—	—
Bubblicious	5,140,400	—	—	2,031,400	2,392,300	734,700	—	—
Dentyne	5,030,400	—	—	3,375,100	712,200	943,100	—	—
Freedent	4,493,800	—	—	3,359,700	1,134,100	—	—	—
Orbit	4,217,400	$611,300	—	3,163,700	442,400	—	—	—

Sources: LNA/BAR; Media Records; RAR/RAB.

of the new sugarless gums and sales dropped by as much as 10-15% a year.

Lifesavers' test

Taking its cue from soft drink marketers who continued to use saccharin with good sales results, Lifesavers began testing a saccharin-based gum. The first test of this idea was made with last year's launch of Supradent. That proved successful, and this year Lifesavers has added saccharin to its leading sugarless brand, CareFree. It carries a small warning label. Wrigley's sugarless gum, Orbit, is also using saccharin.

American Chicle, however, continues to market Trident without saccharin. Last summer, it boasted of that decision in broadcast and print, and on its packages.

The bubble gum category continues to perform well since the introduction five years ago of soft bubble gum. Lifesavers lead the pack with the introduction of Bubble Yum and was quickly followed by American Chicle's Bubblicious and Wrigley's Hubba Bubba. Bubble Yum leads that category despite its heavily advertised imitators.

Sales of bubble gums have reached $460 million, including both sugared and sugarless bubble gums. Sugarless gums have climbed to $186 million. But the sales leader remains sugared gums.

Almost synonymous with sugared gums is the Wrigley Company, which claims 70% of that category's sales with such old-time favorites as Doublemint, Spearmint and Juicy Fruit. But Wrigley's share of the overall gum market drops to about one third when sugared and sugarless gums are added.

Lifesavers is moving the sugared category. This year the company launched Replay, a longer-lasting flavor gum aiming to battle Wrigleys, according to vice president Robert Denny.

In media selection, television is the number one choice of candy and gum marketers. An increasing amount of money is being poured into network television, a lesser percent into spot tv. In 1980, net tv grabbed 58% of the available ad dollars while the year before it was allocated only 49%. Spot television, by comparison, saw 33% in 1980 compared to 44% the year before.

Network radio is an important medium for the candy and gum industry. Marketers point out that it is used to reach teen-agers, an important consumer segment for this market, and to

Top 10 media spenders in candy market

		Magazines	Supps	Net tv	Spot tv	Net radio	Newspapers
M&M's	$10,350,900	—	$145,900	$7,736,500	$2,468,500	$ 52,110	—
Snickers	10,228,900	—	—	7,320,100	2,908,900	—	—
Twix	7,572,900	—	—	3,231,300	4,341,600	—	—
Summit	6,112,400	—	—	2,004,200	4,108,200	—	—
Starburst	4,762,300	—	—	2,436,900	2,118,600	206,800	—
Hershey Candy	4,425,600	$227,300	—	4,029,000	169,300	—	—
Reeses Candy	4,000,700	—	—	3,895,700	105,000	—	—
Peter Paul Mounds	3,945,100	—	-	3,117,400	827,700	—	$69,298
Nestle Crunch	3,833,200	—	—	2,653,500	1,179,700	—	—
Three Musketeers	3,518,400	—	—	1,831,000	1,687,400	—	—

Sources: LNA/BAR; Media Records; RAR/RAB.

increase frequency against that target. The medium gets about 6% of overall ad dollars.

Marketers say they don't use much print because they need tv's broad reach. However, some brands more narrowly define their targets. American Chicle's Trident uses women's magazines to reach mothers who are concerned about the type of chewing gum their children buy. Overall, magazines get nearly 2% of the advertising money.

Newspapers are the medium for quick news developments such as changes in price or size, getting close to 4% of the money.

Newspaper couponing is a rare marketing strategy. Items are priced low so coupons would probably not be worth much. Ronald Cox, vp-marketing at Wrigley's, points out that a penny off price offer would not be worthwhile because it would cost the company a good deal more than that to distribute the coupon.

Wrigley's $50 million

Wrigley's, the long-time leader in gum sales, is a firm believer in the impact of advertising. It spends nearly $50 million to support its brands.

"Advertising is extremely important to the health of our company," says Ronald Cox, vp-marketing. "Our earnings declined slightly last year but we did not reduce our advertising support. We believe in continual, visible and effective advertising."

About half of Wrigley's advertising supports its leading sugared gums — Doublemint, Spearmint and Juicy Fruit. But support for these Wrigley's brands decreased to $26 million in 1980 from $32 million in 1979. The Chicago-based company is putting more muscle into marketing newer and repositioned gums.

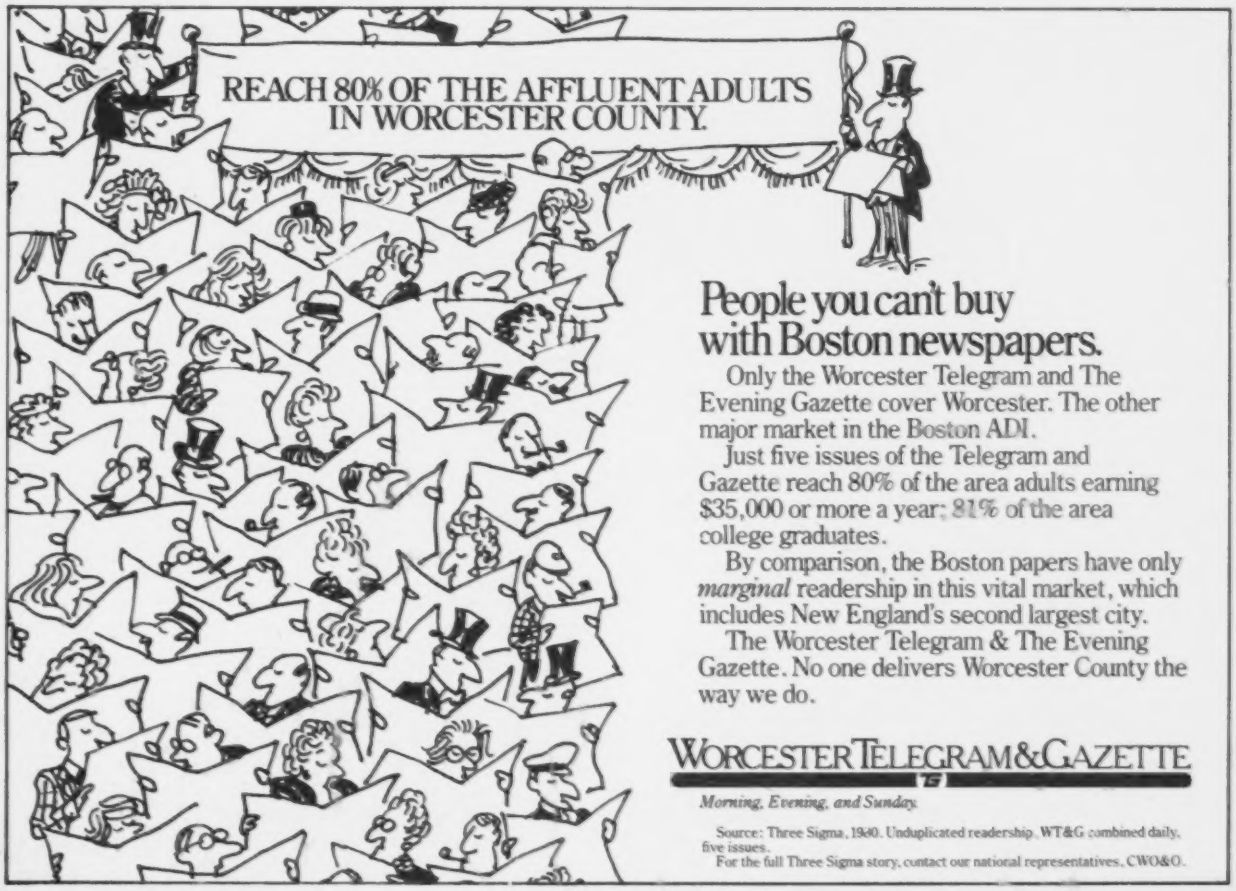
Hubba Bubba, Wrigley's competitor to Lifesaver's successful Bubble Yum is promoted with $7 million primarily on Saturday morning tv to reach children but with some primetime and a network radio campaign to reach the teenagers.

Big Red, recently repositioned to take on American Chicle's Dentyne, has been receiving increased amounts of spending. Last year its spending level climbed to $7 million.

Wrigley's Big Red had seen three years of double-digit drops in sales. But it now ranks as the fastest growing gum in the Wrigley stable. Cox has credited that growth to its new positioning as a breath-freshening chewing gum advertised at a level of $5 million in 1980.

Freedent has been increasing its share of market since its 1974 introduction. It is aimed at denture wearers but is discovering new buyers among children wearing braces and denture-wearing hockey players.

Orbit, Wrigley's sugarless gum entry in a category dominated by Warner-Lambert's Trident and Lifesaver's CareFree, has recently been reformulated with saccharin. But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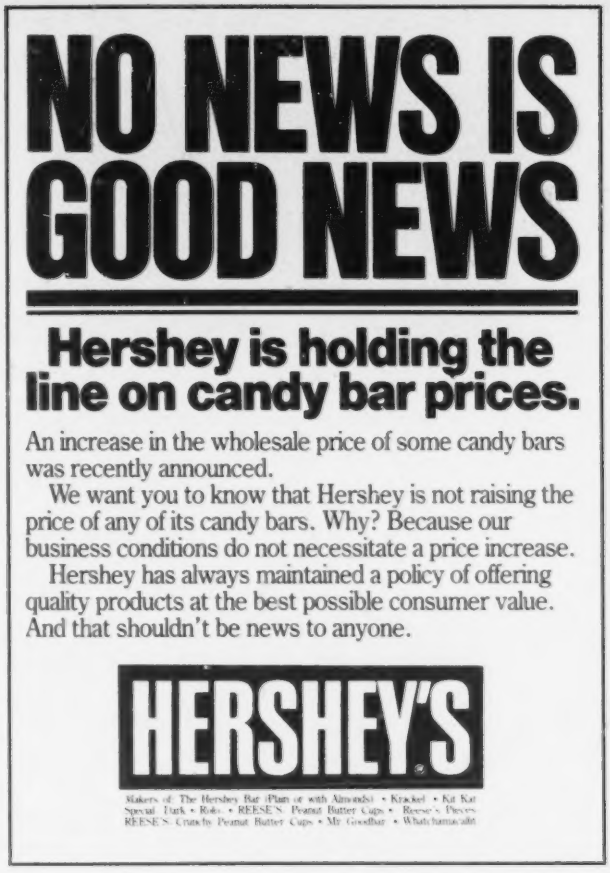
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HERSHEY'S

Newspapers have been the major battle ground for price announcements from the leading candy marketers, Mars and Hershey. Over the past year, Mars has increased its bar sizes without raising the price but was eventually forced to boost them. Hershey prices have remained at the same level.

curiously, the product is not being supported by advertising although its ad budget was set at $4.2 million in 1980. Cox noted that last year Orbit was advertised in women's magazines to reach concerned mothers and also on television. Both campaigns have been dropped. He said a new effort may be in the works but refused to elaborate.

American Chicle: some old, some new

American Chicle, a Warner Lambert subsidiary best known for Dentyne and Trident has been aggressively marketing two liquid center gums, Freshen-Up, which is sugared, and sugarless Chewels.

One of America's long-time favorites, Dentyne, remains a highly successful gum positioned as a breath freshener. The brand is supported by $5 million in advertising. But the more recently introduced items, such as Freshen Up and Chewels, are receiving heavier doses of advertising. To launch Chewels nationally last year, American Chicle poured $7.5 million into media, nearing the level of support last year also for Freshen-Up.

Trident, which has been tied with CareFree, for the number one spot in sugarless gums, carries a $10 million budget. That amount includes a magazine campaign aimed at mothers concerned about the sugar content of gum.

> "It's the only gum market category Lifesavers has not effectively competed in."

Although several other sugarless gums are being reformulated with saccharin, Trident is sticking to its guns. Last summer it broke a broadcast and print campaign to alert consumers that it was not following suit and to minimize the effectiveness of Lifesaver's saccharin move.

Lifesavers — most aggressive

Lifesavers has clearly emerged as the most aggressive marketer. It was the first to launch a soft bubble gum called Bubble Yum — which its competitors quickly duplicated before Lifesavers snatched all the sales. It is the first to relaunch saccharin-based gums and is also taking a strong shot at Wrigley sales with a "breakthrough" product which time-releases the gum's flavor throughout the chew.

Lifesavers is not advertising Beech-Nut, one of its most historically successful brands. Instead, at the end of last year, it rolled back the price of the product to 20 cents, five cents lower than other popular brands.

Lifesavers' newest and biggest gamble is called Replay. Vice president Robert Denny, in a lengthy explanation of where Lifesavers stands in the market, sums up the company's reasoning:

"CareFree was the leader in sugarless gums in the early seventies and now it is tied with Trident for leadership," says Denny. "Bubble Yum is the leader in bubble gum. The regular gum market has been big over the years but there has been no dramatic growth in this category. It is the only

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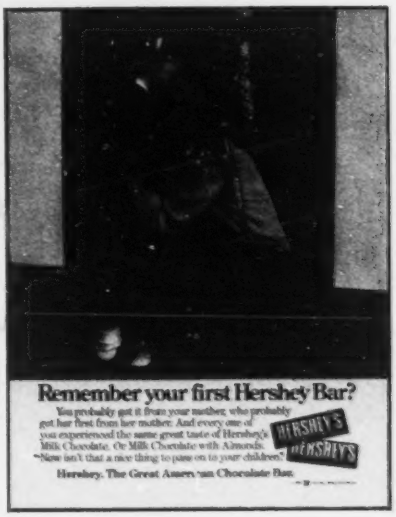
MACON TELEGRAPH-NEWS	SAVANNAH NEWS-PRESS

category in the gum market that Lifesavers has not effectively competed in.

"Because of that we launched Replay, which is a regular chewing gum, like Wrigleys. Replay has a unique, pattented formula that allows us to put more flavor in the product. It has a soft texture and a longer-lasting flavor."

The brand went national in late 1980 with $6.5 million in advertising directed toward teens and young adults with primetime television advertising.



Recognizing working women, Hershey has launched a women's magazine schedule.

Lifesavers' success in the gum market is despite comparatively lower ad budgets. For instance, CareFree's ad budget is $4.5 million while American Chicle supports Trident with more than $10 million.

Lifesavers, as do most marketers in the candy and gum business, favors television, but it also puts a substantial amount of money into network radio to reach teen-agers.

Denny says the media buying strategy is to concentrate as much money as possible in one medium for the most impact. That is television but a significant secondary medium is network radio. Although Lifesavers prefers not to scatter its ad dollars in print, according to Denny, it has used comic books to get Bubble Yum off the ground.

Rebecca Fannin